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C O N F I D E N T I A L SECTION 01 OF 03 NICOSIA 000839

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DEPARTMENT FOR EUR/SE, IO/UNP

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TAGS: [PGOV](#) [PREL](#) [UNFICYP](#) [CY](#) [TU](#)

SUBJECT: DISY CHIEF OPTIMISTIC BUT LAMENTS CANDIDATE'S
SHORTCOMINGS

REF: A. NICOSIA 827

[1](#)B. NICOSIA 771

Classified By: Ambassador Ronald L. Schlicher, Reasons 1.4 (b), (d)

[1](#)1. (C) Summary: DISY-backed presidential candidate Ioannis Kasoulides bests his competitors in smarts and moderation, but has failed to impress the Cypriot electorate with leadership skills and political savvy, bemoaned party chief Nikos Anastasiades in an October 16 meeting with the Ambassador. Worse, Kasoulides possessed a stubborn streak and so far had ignored party-suggested course corrections. Nonetheless, the deficit shown in recent polls -- just four percent separated the three contenders -- might still be overcome, Anastasiades reasoned, should DISY succeed in enforcing party cohesion and bringing out the vote. Cyprus direly needed new leadership, he argued, as President Tassos Papadopoulos's "stupid" policies had brought shame and embarrassment on the island, with the prospect of permanent partition now looming large. An of-late flexible Papadopoulos sought movement on the July 8 process solely for electoral gain, Anastasiades warned; he urged the Ambassador and broader international community to remain wary. Whether or not sincerity underpinned the President's efforts, the DISY chieftain doubted they would bear fruit. Turkish Cypriots' strengthening economy and growing international visibility meant they no longer required a unified island to thrive, he concluded, and T/C leader Mehmet Ali Talat no longer appeared wed to a federal solution. End Summary.

Candidate Bright, but Inexperienced and Stubborn

[1](#)2. (C) The Ambassador October 16 began a round of contacts with prominent party leaders by calling on Anastasiades. He found the DISY boss as mercurial and animated as always, despite rumors he was suffering from a severe illness (NFI). Their conversation turned immediately to Cypriot presidential elections and the party's chances of returning to power behind favored candidate Ioannis Kasoulides. Anastasiades was laboring mightily to convince the electorate that Kasoulides was both the race's smartest contender and its most moderate, the latter vital in securing the trust of Turkish Cypriots and the international community (Ref A). "Leadership" appeared a tougher sell, however; Anastasiades groaned over results from recent polls and focus groups that showed Kasoulides sorely lacking in that department.

[1](#)3. (C) DISY higher-ups had urged the candidate to drop or bench the hitherto unknown thirty-somethings prominent in Kasoulides's entourage and recruit an eminence grise or two, but he so far had refused their counsel. Further, Kasoulides

had refused to engage a handful of sympathetic AKEL deputies whose endorsement would have buttressed his campaign. With AKEL Secretary General Dimitris Christofias now in the race, these MPs were no longer viable targets for recruitment. Nearly ten years removed from elected Cypriot office -- Kasoulides served as foreign minister and currently sits in the European Parliament -- the DISY candidate had forgotten the basics of island politics, Anastassiades regretted.

14. (C) Not all news was gloomy; recent polls had delivered positives as well. At 75 percent, DISY cohesion topped the major parties, Anastassiades trumpeted; it was his responsibility to ensure that figure hit 90 percent by election day. Party officials had begun lobbying registered voters in earnest only days before, he revealed, and were focusing on areas where DISY fared weakest, such as the Paphos district. The job looked difficult, as Papadopoulos had enjoyed recent success in "converting" groups historically DISY-leaning, such as the business elite and former EOKA (a celebrated anti-colonial guerrilla group) members. Even 100 percent cohesion would not ensure victory or even passage into the second round, Anastassiades added. It was vital that Kasoulides take chunks from the AKEL and DIKO bases and convince a majority of Cyprus's 29,000 eligible but unregistered voters to favor DISY.

Yet Competitors Facing Challenges As Well

15. (C) Ironically, Anastassiades hoped AKEL's cohesion rate -- hovering just below DISY's, but low for the historically obedient Communist force -- would rise. Such an outcome favored Kasoulides, since every voter AKEL managed to return to its fold would have voted Papadopoulos, helping to propel

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the incumbent President into the second round. AKEL was changing, Anastassiades asserted, and could no longer count on the rank-and-file blindly heeding the leadership's voting instructions. Further, he wondered whether voters would punish Christofias over the Communist leader's own lack of leadership; after all, Christofias in 2004 had shown little backbone in rubbishing the Annan Plan reunification effort, an initiative he publicly had supported for two years.

16. (C) Papadopoulos's armor showed chinks as well, Anastassiades claimed. A faction of the President's DIKO party, followers of former President Spyros Kyprianou, likely would throw their votes elsewhere. Former AKEL MP and Foreign Minister Yiorgos Lillikas, now coordinating Papadopoulos's campaign, actually was helping AKEL cohesion by engaging in public spats with his one-time colleagues. EUROKO head and Papadopoulos sycophant Dimitris Syllouris had troubled mainstream voters by questioning the viability of a bi-communal, bi-zonal federal model, the preferred Cyprus Problem solution for thirty years. The President, despite projecting an air of inevitability around his re-election, was not invincible, Anastassiades contended.

Under Current Leader, to Hell in a Handbasket

17. (C) Papadopoulos was driving the country to disaster but whistling all the way, Anastassiades decried. International court decisions favoring the "breakaway Turkish Cypriot state," sea connections between "occupied" Famagusta and Syria, "TRNC" officials receiving VIP treatment in Italy and Germany -- all were negative developments occurring on Papadopoulos's watch, yet the President continued to insist all was well. His nearly complete control over Cypriot media permitted such hubris, the DISY leader regretted, as disagreement with Government policies morphed into heresy in most editors' hands, and Papadopoulos critics labeled "Turk-lovers."

¶8. (C) A rash of scandals -- each leading back to the President, his family, or Tassos Papadopoulos and Associates, a law firm seemingly ripped from a John Grisham manuscript -- revealed the underlying rot. The latest "scandal of the century," which Anastassiades himself broke in early October, concerned Cyprus's efforts to abandon heavy fuel oil for natural gas to fuel its electricity generators (Ref B). His investigation into shell companies established by Papadopoulos cronies to reap sweetheart deals implicated primarily Lillikas and the President's son Nicholas, but the architects had covered their tracks so smartly as to preclude effective prosecution. Should the deal eventually materialize, Anastassiades warned, Cyprus stood to lose hundreds of millions of pounds in higher fuel costs and European Union fines, while those in on the scam would make millions.

¶9. (C) "In any European (sic) country, these guys would face prison, and the Government would be forced to resign," Anastassiades bellowed. But not Cyprus. Not only was Papadopoulos still in power, but the latest polls -- taken after the scandal had broken -- put him Number 1 in fighting corruption. "Unthinkable," he fretted.

July 8 Agreement: Don't Throw President a Bone

¶10. (C) Recent Papadopoulos proposals on opening the Ledra Street crossing point and reinvigorating the July 8 Agreement were pure window-dressing designed to provide the President an electoral jump-start, Anastassiades ventured. The President would contend it was unwise to replace the Greek Cypriot leader during delicate Cyprus Problem negotiations. "But a dog can't straighten his tail," the DISY chief chuckled, translating the Greek "leopard can't change his spots" euphemism. The minute Papadopoulos won re-election, he was certain the proposals would drop off the table.

¶11. (C) Anastassiades implored the Ambassador and his P-5 colleagues not to take the bait. The United States sought no role in the presidential campaign and favored no particular candidate, the Ambassador responded. Yet we could not NOT welcome an initiative that sought to resuscitate the moribund July 8 arrangement, which both sides and the UN had inked and continued to support, at least publicly. Great care would be exercised in drafting and delivering the U.S. public message, he promised.

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T/Cs Turning Away From Solutions

¶12. (C) The Turkish Cypriots might even welcome a Papadopoulos re-election, Anastassiades glumly asserted. In recent months he had witnessed a change in T/C attitudes, beginning with Talat's. The T/C leader no longer seemed wedded to a bi-zonal, bi-communal reunited Cyprus, Anastassiades speculated, but rather was sounding more like long-time separatist Rauf Denktash. If Turkish Cypriots now favored partition, five more years of Tassos would play into their plans.

Comment

¶13. (C) For a year we have witnessed varying degrees of friction between party leader Anastassiades and standard-bearer Kasoulides; based on this latest get-together, discord still exists. Six, even three months ago, lower-level DISY officials hinted the party would dump the candidate were a more electable candidate to come

forward. Unable to identify that individual, however, Anastassiades and company grudgingly have marshaled their forces behind Kasoulides. We wonder if they committed too late, however. Further, while DISY cohesion rates have risen in past elections, 90 percent seems a bridge too far. Close contacts report that Papadopoulos -- aided by wealthy and well-connected wife Fotini -- has made great inroads with the island hoi polloi whose votes DISY historically owned. Kasoulides's advancement into the second round therefore will depend on him scoring high with the undecideds and successfully scrounging for dissatisfied DIKO and AKEL voters. Anastassiades's detective work on the natural gas and similar debacles should have netted his candidate a few votes from this pool. This being Cyprus, however, if a scandal doesn't involve the Annan Plan or broader Cyprus Problem, the likelihood of it tarring an incumbent and effecting his downfall is scant.

SCHLICHER